



**Milwaukee County Employees' Retirement System (ERS)  
January 21, 2021 Actuarial, Audit, and Risk Committee Meeting  
MINUTES**

**Call to Order**

Committee Chair Fernando Aniban called the Actuarial, Audit, and Risk Committee meeting to order at 10:00 a.m. on Thursday, January 21, 2021. The meeting was held virtually due to Milwaukee County's and the City of Milwaukee's Stay Safe MKE initiative limiting gatherings in light of the COVID-19 pandemic.

**Committee Members Present:**

Fernando Aniban  
Laurie Braun  
LaValle Morgan  
David Robles

**Others Present:**

Erika Bronikowski, Retirement Plan Services  
Jessica Culotti, Reinhart Boerner Van Deuren  
Tina Lausier, Retirement Plan Services  
Abbey Moreno, Retirement Plan Services  
Judd Taback, Office of Corporation Counsel  
Matt Lipuma, The Northern Trust Company  
Patrick Krull, The Northern Trust Company  
Brett Malowitz, The Northern Trust Company  
Anton Britton, The Northern Trust Company  
Darlene Middleman, Baker Tilly  
Wayne Morgan, Baker Tilly

**Other Pension Board Members Present:**

**1. Topic: Election of Actuarial, Audit, and Risk Committee Chairperson**

Ms. Bronikowski explained that per the MCERS Actuarial, Audit, and Committee Charter, there is an election for a Committee Chair at the first meeting of each year.

Trustee Braun nominated Trustee Aniban, who confirmed his interest. By a vote of three to zero, with Trustee Robles not in attendance yet, the Committee elected Trustee Aniban as the Chairperson.

**2. Topic: Committee Structure Overview**

Ms. Bronikowski explained that the Actuarial, Audit, and Risk Committee includes Trustees Braun, LaMendola, Morgan, Aniban, and Robles. The Committee terms are for two years, so new Committee assignments will be made by the Pension Board Chair in early 2022. The Committee Chair will be elected annually, at the first Committee meeting each year and the Committee will meet at least four times per year. Per the Committee Charter, the Actuarial, Audit, and Risk Committee will assist the Board in the assessment of internal controls, risk assessment, audit process and procedures, actuarial processes and procedures, and compliance. The Committee's specific tasks include overseeing the annual audit and valuation, conducting a biennial review of internal audits, and conducting an annual review of compliance with the Pension Board's Continuing Education Policy.

**3. Topic: Chairperson's Report**

Chairperson Aniban was reelected as Chairperson and he did not provide any further comments for the Chairperson's report.

**4. Topic: Meeting Minutes – December 20, 2020**

A motion by Trustee Morgan, seconded by Trustee Braun, was made to approve the December 20, 2020 Actuarial, Audit, and Risk Committee Meeting minutes. The motion passed unanimously.

**5. Topic: Litigation Monitoring**

Mr. Krull presented an overview of class action litigation monitoring that Northern Trust offers to all custody clients. Three primary services are offered: tracking and providing notification of settled lawsuits, filing claims, and posting disbursements to client portfolios.

Regarding the tracking of litigation, Northern Trust provides notice of all applicable lawsuits that are happening. Their team researches each event that they're notified of and pulls a list of affected accounts based on the securities that they have determined are included in each of the events. They then notify investment managers of the event.

Regarding the filing of claims, Northern Trust files claims within settled securities markets. Any results from the claims filed on behalf of custody clients are posted into client accounts.

In response to a question from Trustee Braun regarding filings on behalf of MCERS, Mr. Krull explained that there have only been a couple of filings. Typically, these types of class action lawsuits were filed in the past. As of the date of the meeting, no distributions had been made to MCERS. A few claims have been filed on MCERS' behalf but those typically take 12 to 18 months to process. Payments are generally 18 to 24 months in arrears from the claim filing process.

Trustee Braun asked whether Mr. Krull would recommend bringing in additional litigation monitoring law firms. Mr. Krull explained that it depends on how aggressive the Board would like to be. The Board can decide to be lead plaintiff on a case and work with a law firm or could decide to work with a filing agent who investigate where there is potential to capture proceeds from harmed investments. Northern Trust files claims similarly to a filing agent.

Mr. Krull noted that there could be activities that took place outside of Northern Trust's custody that they are unaware of. He would recommend bringing in a third-party vendor to bridge back to years prior to MCERS working with Northern Trust. Northern Trust can recommend some vendors for the Board's consideration.

Mr. Krull also explained that Northern Trust can tailor notifications based on the Board's preferences and can provide reporting on exposure in a given event or can report events where the Board has to take an action.

Trustee Aniban requested that a quarterly report to the Board be provided on the status of any claims.

**6. Topic: Baker Tilly – 2020 Financial Statement Audit Preliminary Communications**

The Committee voted unanimously to enter closed session to discuss Agenda item 6, Baker Tilly – 2020 Financial Statement Audit Preliminary Communications. Returning to open session after discussion, the Committee took no action.

**7. Topic: V3 Upgrade**

The Committee voted unanimously to enter closed session to discuss Agenda item 7, V3 Upgrade. Returning to open session after discussion, a motion by Trustee Robles, seconded by Trustee Braun, was made to recommend to the Pension Board to approve the V3 pension system upgrade contract with a seven year initial term, subject to follow up by the Director of Retirement Plan Services. The motion passed unanimously.

**8. Topic: Litigation Report**

The Committee voted unanimously to enter closed session to discuss Agenda item 8, Litigation Report. Returning to open session after discussion, the Committee took no action.

**9. Topic: Adjournment**

The meeting adjourned at 12:30 p.m.